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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 28, 2003

PETITION AND COMPLAINT OF

METROMEDIA ENERGY, INC.

CASE NO. PUE-2003-00006

Regarding Washington Gas Light Company's Plan to  
Return Customers to Sales Service Effective  
February 1, 2003

**ORDER SETTING HEARING**

On January 24, 2003, Metromedia Energy, Inc. ("MME"), filed a Complaint and Petition for Relief ("Petition") regarding a notice by Washington Gas Light Company ("WGL") stating that WGL will return MME's customers to WGL's sales service effective February 1, 2003, and that WGL will refuse to permit MME's customers to commence service unless MME provides additional financial security to WGL in the amount of \$371,546. Petition at 1. MME is a competitive supplier of natural gas to retail customers in, among other states, Virginia, Maryland, and Washington, D.C. MME claims that forcing its customers to take sales service from WGL will result in significant rate increases for such customers.

MME states that this matter arises from a dispute between WGL and MME as to the appropriate amount of financial security to be provided to WGL by MME. MME asserts that it has offered to WGL, among other things, a security interest and netting agreement regarding some 70,000 Dth of natural gas that it has predelivered to WGL, and a shortening of the default period for failure to deliver so that MME's customers could be returned to WGL's sales service after five days'

nondelivery. MME claims that WGL has refused this offer, and that WGL has demanded a bond or other cash equivalent security. MME asserts that changes in the bond industry have made such bonds available only with the provision of 100% cash collateral, and that providing cash collateral to support a bond of \$371,546 is uneconomic.

MME requests that the Commission initiate an investigation and hearing concerning the issues raised in its Petition and commence proceedings expeditiously so that the issues involved herein are resolved fully, fairly, and quickly. MME further requests that the SCC issue an order prohibiting WGL from involuntarily returning MME's customers to WGL's sales service, and ordering WGL to permit MME to sell natural gas to customers on WGL's system until such time as the Commission has ruled otherwise.

On January 24, 2003, we issued an Order Granting Temporary Injunction ("Order"), which prohibited WGL from, as a result of the dispute between WGL and MME regarding appropriate financial security: (1) returning MME's Virginia retail customers to WGL's sales service; and (2) barring MME from selling natural gas to MME's existing Virginia retail customers on WGL's system. Pursuant to the Order, the temporary injunction will expire February 21, 2003, at 11:59 p.m. The Order also noted that the Commission subsequently would establish a procedural schedule for this case.

NOW THE COMMISSION, upon further consideration, establishes a procedural schedule to resolve the issues raised in the Petition.

Accordingly, IT IS ORDERED THAT:

(1) A hearing shall be convened in this matter on February 19, 2003, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia.

(2) On or before February 4, WGL shall file an answer to the Petition.

(3) On or before February 10, 2003, Commission Staff shall file testimony explaining its recommendations in this matter.

(4) On or before February 14, 2003, MME and WGL shall file any testimony that it wishes to present at the hearing.

(5) The Commission Staff shall participate in this proceeding to the same extent as permitted by Rule 5 VAC 5-20-100 B of the Commission's Rules of Practice and Procedure.

(6) MME and WGL shall respond to interrogatories and document requests within five (5) calendar days of receipt thereof.

(7) This case is continued pending further order of the Commission.